

¥107.51
Rent (PSM/MO)

12-Mo.
Forecast



6.95%
Rental Growth (QOQ)



27.70%
Vacancy Rate



Source: Cushman & Wakefield Research

QINGDAO ECONOMIC INDICATORS Q1 2021

18%
GDP Growth

Q4
2020

12-Mo.
Forecast

3.7%



17.4%
Tertiary Sector
Growth

4.1%



0.4%
CPI Growth

2.4%



21.7%
Real Estate
Development &
Investment Growth

13.4%



Source: QingDao Statistics Bureau / Oxford Economics / Cushman & Wakefield Research

High Quality New Projects Spur Leasing Demand

The Haitian Center and Conson Financial Center projects completed in Q2, bringing a total of 155,000 sq m of quality new supply to the Grade A office market, and taking total Grade A office stock up to 1.60 million sq m. The new entries have driven up both the overall market rent and the vacancy rate. Citywide average monthly rent rose by 6.95% q-o-q to RMB107.51 per sq m at the end of the quarter, while the vacancy rate climbed by 5.9 percentage points q-o-q to reach 27.7%. The new completions boosted leasing demand, with quarterly net absorption jumping by 108% q-o-q to reach 27,345 sq m.

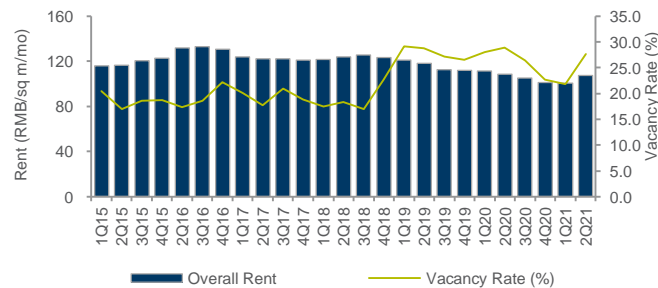
The finance, technology and energy sectors were active in leasing transactions in Q2. Notable transactions included CPIC's lease of approximately 6,000 sq m of office space in Golden Plaza, while Fuhai Group leased 1,600 sq m of space in Conson Financial Center and Qiyu Tech took approximately 1,800 sq m in the International Shipping Center.

Building Quality Standards to Be Emphasized Ahead

Approximately 530,000 sq m of new supply is scheduled to enter the Qingdao office market by the end of 2023. The concentration of new supply can be expected to exert further pressure on the overall office market rental level and vacancy rate ahead.

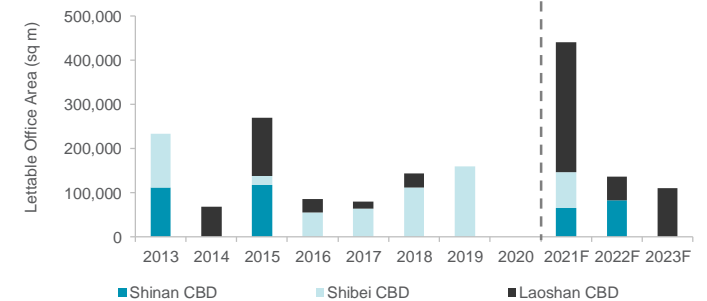
The Qingdao city government has issued a series of incentives and support policies to promote the advancement of office building development and multi-aspect quality standards and guidelines, and we can expect these measures to help yield improvements in building quality and the overall business environment. The city's 14th Five-Year Plan also proposes to promote development in specific sectors including finance, commerce, shipping and trade and cultural tourism, and we can expect a future boost in leasing demand from these industries.

GRADE A CBD RENT & VACANCY RATE



Source: Cushman & Wakefield Research

GRADE A OFFICE ANNUAL NEW SUPPLY



Source: Cushman & Wakefield Research

SUBMARKET	INVENTORY (sq m)	VACANCY RATE	PLANNED & UNDER CONSTRUCTION (sq m)	GRADE A EFFECTIVE RENT		
				RMB/SQ M/MO	US\$/SF/MO	EUR/SF/MO
Shinan CBD	746,921	32.86%	82,268	117.85	1.71	1.41
Shibei CBD	508,461	20.18%	80,000	87.69	1.27	1.05
Laoshan CBD	345,360	27.63%	369,307	114.35	1.66	1.36
QINGDAO GRADE A OVERALL TOTAL	1,600,742	27.70%	531,575	107.51	1.56	1.28

*Projects of others not belonging to any of the above submarkets.

Effective Rent is calculated based on gross floor area and assuming a letting of mid floors for a typical three-year lease term with VAT and rent-free periods factored in.

Exchange Rate: 1 CNY=0.1565USD=0.1284 EUR as of Jun 8th, 2021

KEY LEASING TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SQ M	LEASE TYPE
Shangri-La Center	Shinan CBD	Mitsubishi Corporation	320	New Lease
International Shipping Center	Shibei CBD	Qingdao City Construction Investment Co., Ltd	1,900	New Lease
International Shipping Center	Shibei CBD	Qiyu Tech	1,800	New Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SQ M	COMPLETION DATE
Qingdao Hisense International Center	Laoshan CBD	N/A	114,000	2021
SIIC Center	Laoshan CBD	N/A	31,700	2021
Peking University Resource Plaza	Laoshan CBD	N/A	60,000	2021
Hisense Caizhi Valley	Shibei CBD	N/A	80,000	2022
Deep Blue Centre	Shinan CBD	N/A	82,268	2022

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